



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 10/19/04
AGENDA ITEM 8
WORK SESSION ITEM

TO: Mayor and City Council
FROM: City Attorney
SUBJECT: Interim Moratorium on Mobilehome Park Conversions

RECOMMENDATION:

It is recommended that the City Council adopt the attached ordinance establishing an interim moratorium on mobilehome park.

BACKGROUND:

For the past several weeks, staff has been involved in discussions between the residents of Continental Mobilehome Park and a representative of the park owner regarding unauthorized rent increases on in-place transfers and the possibility of converting Continental Mobilehome Park to another use. Currently, the City is preparing to hear six petitions for rent review from the affected residents.

On August 31, 2004, Pacific Housing Management, the company that manages Continental Mobilehome Park, sent out a survey regarding a "proposed park closure." A copy of the survey is attached.

Last month, staff received a phone call from an individual who is considering purchasing Continental Mobilehome Park. The caller requested information regarding the Mobilehome Space Rent Stabilization Ordinance and the provisions relating to how certain expenses would be characterized for net operating income calculations. Additionally, a representative for Resident Owned Parks, Inc. contacted staff regarding the application of the ordinance to a non-profit entity formed for the purpose of purchasing the park for the benefit of the current residents.

It is worth noting the October 6, 2004 edition of *The Daily Review* included a listing for the sale of Continental Mobilehome Park for \$12.75 million dollars. Earlier this week, staff received a copy of a multiple listing for Continental Mobilehome Park. It appears the park owner is considering a number of alternatives to divest his interest in the park.

Continental Mobilehome Park is one of nine mobilehome parks located in the City of Hayward. It contains 198 spaces and is an integral part of the City's affordable housing component. The loss of these units due to closure could have a significant impact on the residents of Continental Mobilehome Park, because there are few open spaces available in the bay area that would accommodate the displaced residents. This means that residents would be forced to relocate to areas beyond the bay area. The impact to displaced residents caused by such a move cannot be measured. Additionally, the risk of damage to the older homes located in the park as the result of moving the homes to another location is far greater than moving a new home.

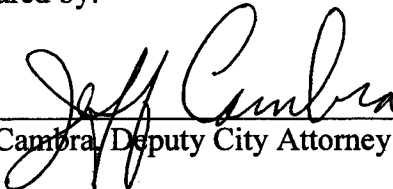
The City would have a difficult time accommodating these residents within its existing stock of affordable housing units due to the present demand by other residents for the limited number of units. Even if residents were able to move to homes or apartments within the City, the ability of the displaced residents to sell their mobilehome is severely hampered, because there is no space to place the home. The expense of moving the mobilehome and the potential for damaging an older unit would reduce the equity these residents have in their mobilehomes.

Presently, the City has no ordinance regulating the change in use of a mobilehome park. State law would govern the conversion process. Government Code Section 65863.7 requires a mobilehome park owner to file a report on the impact of the conversion, closure, or cessation of use on the displaced residents of the mobilehome park, which addresses the availability of adequate replacement housing in mobilehome parks and relocation costs. The report must be provided to each affected mobilehome resident at least 15 days prior to a hearing before an advisory agency or legislative body if a hearing is required. A park resident may request a hearing before an agency or legislative body to question the sufficiency of the report. The legislative body is required to review the report and may require the park owner, as a condition of the conversion, to take steps to mitigate any adverse impact of the conversion, closure, or cessation of use on the ability of displaced residents to find adequate housing in a mobilehome park. The mitigation steps required by the legislative body may not exceed the reasonable costs of relocation. The City may also establish reasonable fees to cover the costs of implementing these provisions and such fees may be charged to the park owner. Civil Code Section 798.56 (g)(1) and (2) require the park owner to give mobilehome residents affected by a change in use 6 months or 12 months notice depending on whether the change in use requires local government permits.

A number of cities have passed mobilehome park closure ordinances to regulate the closure process and provide for additional benefits to residents faced with park closures including establishing relocation assistance programs. The absence of local conversion regulations poses a potential threat to the residents of Continental Mobilehome Park and the mobilehome community as a whole. Hence, staff recommends adoption of the attached ordinance establishing a moratorium on changes in land use for mobilehome parks pending the preparation and consideration of a conversion ordinance.

The law provides that such an urgency measure requires a four-fifths vote of the Council, but does not require notice or a public hearing. Such notice and public hearing would be provided should the Council vote to extend the moratorium or when the mobilehome park conversion ordinance is brought before the Council. Staff expects to bring the conversion ordinance language to the Council within the 45-day moratorium period.

Prepared by:


Jeff Cambra, Deputy City Attorney

Recommended by:


Michael O'Toole, City Attorney

Approved by:


Jesús Armas, City Manager



Pacific Housing Management

MEMORANDUM RE: PROPOSED PARK CLOSURE

RECEIVED

SEP 10 2004

Office Of Rent Review

To: Homeowners/
From: Pacific Housing Management
Subject: Proposed Closure of Continental Mobilehome Park
Date: August 31, 2004

The City of Hayward has had rent control for mobilehome parks for more than twenty years. As a result of the City of Hayward's mobilehome rent control ordinance, average rents at Continental Mobilehome Park are more than \$200.00 per month below market. Accordingly, the Park owners have begun to explore the possibility of closing Continental Mobile Home Park.

Although no time table has been set, it is anticipated that the report required by state law to close the park will be completed within the next three to six months. Once that report is completed, it is anticipated that residents from each space at the park will be provided with a copy, along with a formal notice of park closure. If a permit is required to close the park, those formal notices would provide at least another six months to vacate the premises. If a permit is not required to close the park, those formal notices would provide at least another twelve months to vacate the premises.

We want to stress that this notice is not a formal notice of park closure. This notice is a courtesy notice, to advise you of the possibility of a park closure. Accordingly, the Park owners reserve all of their rights, including the right not to close the park if a suitable compromise can be reached regarding the rent levels at the park.

If you are interested in a compromise whereby you would pay additional rent in exchange for the park remaining open for some additional number of years, please check the box in the space on the enclosed survey form and return it to the on site manager as soon as possible. However, we also want to stress that the enclosed survey is for informational purposes only and is not in any way binding on either you or the Park owners.



Pacific Housing Management

Homeowner/Prospective Homeowner Survey Regarding Proposed Park Closure

I would be willing to consider paying additional space rent in exchange for Continental Mobilehome Park remaining open for some additional number of years.

Yes

No

(circle ONE)

Dated: _____, 2004

Sign Name

Print Name

Address/Space No.



ORDINANCE NO. _____

AN EMERGENCY ORDINANCE ADOPTING A
45-DAY MORATORIUM ON THE CLOSURE OF
A MOBILEHOME PARK.

THE CITY COUNCIL OF THE CITY OF HAYWARD DOES ORDAIN AS FOLLOWS:

Section 1. This interim ordinance is adopted pursuant to the provisions set forth in Government Code section 65858 and imposes a 45-day moratorium on the conversion or change in use of a mobilehome park.

Section 2. The adoption of the 45-day moratorium on the conversion or change in use of a mobilehome park is necessary, because there is a current and immediate threat to the welfare of mobilehome residents faced with the possibility of a park closure, especially those residents on low or fixed incomes. Mobilehome communities are a significant portion of the City's affordable housing component. The loss of affordable housing units will increase the demand for remaining units. Residents displaced by the closure of a mobilehome park face significant challenges and hardships beyond those experienced by other types of residents. All displaced residents who presently live in affordable housing units experience difficulty in locating new affordable housing due to the limited supply of these units. However, mobilehome residents must also deal with the necessity of moving the mobilehome to a new location. Presently, there are few parks in the nine county bay area that have any spaces available for displaced residents. Additionally, these few parks will only accept newer mobilehomes. A number of the City's mobilehome parks contain older units, which would not be able to use the few spaces available. Displaced residents would be forced to move to remote areas beyond the bay area or sell or dispose of their mobilehome. Displaced mobilehome residents must pay significant moving expense to transfer their homes to a new space and are subject to possible repair bills for damage experienced during the moving process.

The City is in the process of reviewing the impact of a mobilehome park closure on the individual residents of a mobilehome park faced with closure and the loss of a portion of the City's affordable housing stock. The 45-day moratorium will help preserve the status quo until the effects of a mobilehome park land use change can be identified and mitigated through the creation of a mobilehome park conversion ordinance.

Section 3. The Planning Director is hereby authorized to administer and interpret the provisions of this emergency ordinance, including but not limited to, review of specific use permits applications, variance requests, building permit applications, and other land use approvals, to determine whether the requested use permit, variance, building permit or other land use approval is subject to the terms of this interim ordinance.

Section 4. The City Attorney's Office shall prepare a written report describing the impact of mobilehome park conversions on the residents of the park and what effect a change in land use would have on the City's affordable housing stock. The City Attorney's report shall be presented to the City Council at least ten days before the date on which this ordinance expires.

Section 5. The moratorium established by this ordinance shall remain in effect for a maximum period of 45 days after the City Council's adoption of this ordinance by at last six affirmative votes.

INTRODUCED at a regular meeting of the City Council of the City of Hayward, held the ____ day of _____, 2004, by Council Member _____.

ADOPTED at a regular meeting of the City Council of the City of Hayward held the ____ day of _____, 2004, by the following votes of members of said City Council.

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED: _____
Mayor of the City of Hayward

DATE: _____

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward